Canadian Transportation Agency

Office des transports du Canada

CANADIAN TRANSPORTATION AGENCY

Performance Report

For the period ending March 31, 2008

The Honourable John Baird, P.C., M.P.
Minister of Transport, Infrastructure and Communities

Canada

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SECTION I: OVERVIEW

1.1 Message from the Chair and Chief Executive Officer

As the Chair and Chief Executive Officer of the Canadian Transportation Agency, I am pleased to present the 2007–2008 Departmental Performance Report, which demonstrates the Agency's role in the achievement of an efficient and accessible transportation system for Canadians.

During this past year, significant accomplishments have been realized and progress has been made toward the commitments identified in the Report on Plans and Priorities. The most notable achievement has been the design of a new organizational structure which was implemented as of April 1, 2008. The new structure emerges from an organization-wide focus on renewal that is aimed at ensuring that the Agency remains a centre of excellence on transportation-related matters and responds to the twin challenges of succession and recruitment.

A new Agency Strategic Outcome and Program Activity Architecture reflecting the Agency multi-year strategic plan, performance management framework and new organizational structure will be used for the 2009–2010 Performance Report.

The focus on renewal has also led to the development of a multi-year strategic plan that sets out Agency priorities and commitments for the next three years. A performance measurement framework has also been implemented, which includes multi-year targets for service delivery standards and strategies for improvement. To deliver more timely decisions, we have improved our caseload management procedures. As you will see in this report, tangible results have been achieved through these efforts.

As we look toward the future, I am confident that the progress made during the past year will serve as a solid foundation for the Agency's objective to be a leading Canadian public service organization that effectively and efficiently fulfils its mandate and provides high-quality service to Canadians.

Geoffrey C. Hare
Chair and Chief Executive Officer

1.2 Management Representation Statement

I submit for tabling in Parliament, the 2007–2008 Departmental Performance Report for the Canadian Transportation Agency.

This document has been prepared based on the reporting principles contained in the *Guide for the Preparation of Part III of the 2007–2008 Estimates: Reports on Plans and Priorities and Departmental Performance Reports*:

- It adheres to the specific reporting requirements outlined in the Treasury Board Secretariat guidance;
- It is based on the Agency's Strategic Outcome and Program Activity Architecture that were approved by the Treasury Board;
- It presents consistent, comprehensive, balanced and reliable information;
- It provides a basis of accountability for the results achieved with the resources and authorities entrusted to it; and
- It reports finances based on approved numbers from the Estimates and the Public Accounts of Canada.

Geoffrey C. Hare
Chair and Chief Executive Officer
November 7, 2008

1.3 Summary Information

Reason for Existence

In its administration of federal transportation legislation and government policies, the Canadian Transportation Agency helps create an efficient and accessible federal transportation system for the benefit of Canadians.

The Agency is an independent, quasi-judicial, administrative tribunal that makes decisions on a wide range of matters affecting the federal transportation system. It licenses rail and air carriers, and has the authority to resolve some transportation rate, service and other complaints in the rail, air and marine modes and to make regulations when required. It also has the authority to remove undue obstacles to the mobility of persons with disabilities who use the federal transportation system. In addition, the Agency implements the transportation policy established by Parliament in the *Canada Transportation Act* and other legislation. It is also the aeronautical authority for Canada on matters related to the economic regulation of air carriers.

Mandate and Mission

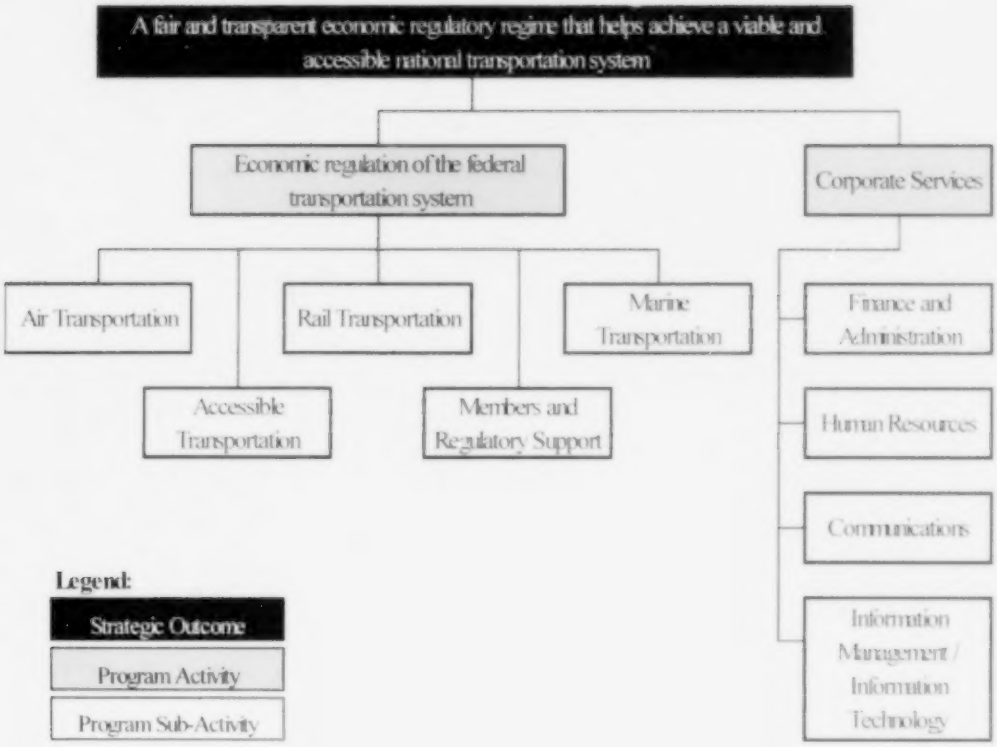
The Agency's mandate is to administer the economic regulatory provisions of Acts of Parliament affecting all modes of transportation under federal jurisdiction (refer to section 4.6 for a list of legislation and regulations that the Agency administers in whole or in part).

Our mission is to administer transportation legislation and government policies to help achieve an efficient and accessible transportation system by education, consultation and essential regulation.

Education and consultation are integral to the Agency's effectiveness in carrying out its mandate. The Agency works closely with those who use and provide transportation services in Canada and others directly affected by them. It helps travellers, shippers, carriers, municipalities and others to fully understand not only their rights and obligations under the *Canada Transportation Act*, but also the Agency's roles and responsibilities. When appropriate, the Agency encourages parties to resolve disputes informally before issues escalate and impact the transportation system. The Agency consults as widely as possible on issues that are important to the transportation industry. By remaining open and by listening to all affected parties, the Agency ensures that its decisions are both responsive and responsible.

More information about the Agency can be found on its Web site at http://www.cta.gc.ca. More specifically, information about the Agency's structure, its mission, its values and its operations can be found at http://www.cta.gc.ca/about-nous/index_e.html.

Below is the Agency's Strategic Outcome and Program Activity Architecture for the 2007–2008 reporting period, as approved by the Treasury Board.



Financial and Human Resources Information

The resources used in relation to this outcome in fiscal year 2007–2008 are summarized in the following tables.

Financial Resources (thousands of dollars)

2007–2008		
Planned Spending	**Total Authorities**	**Actual**
27,214	27,892	25,491

Human Resources (full-time equivalents, or FTEs)

2007–2008		
Planned	**Actual**	**Difference**
255	234	21

Planned and Actual Spending by priority, 2007–2008 ($ thousands)

Expected Results	Performance Status	Planned Spending	Actual spending	Contributes to the following priority
STRATEGIC OUTCOME: A fair and transparent economic regulatory regime that helps achieve a viable and accessible national transportation system				
PROGRAM ACTIVITY: Economic regulation of the federal transportation system				
Fair, effective and efficient resolution of federal transportation issues Removal of undue obstacles for persons with disabilities from federal transportation network Protection of the economic and other interests of transportation users, carriers and other affected parties	Successfully met	27,214	25,491	Departmental Priority 1, 2 and 3

Operating Environment and Context

Parliament funds the Agency through an operating expenditures vote. The Agency operates within the context of the very large and complex Canadian transportation system (for details, refer to Transport Canada's Web site at http://www.tc.gc.ca).

As an independent quasi-judicial tribunal, the Agency makes decisions on a wide range of matters involving federally regulated modes of transportation (air, rail, marine and, for certain accessibility matters, extra-provincial bus transportation). Most of the Agency's activities and workload are generated by demand from users and operators of the federal transportation system. The tribunal's decisions are rendered by Agency Members, who are appointed by the Governor in Council. They include the Chair, who also acts as the Chief Executive Officer, and the Vice-Chair, who are both members of the Executive Committee.

The Agency applies a decision-making process that is governed by the rules of fairness and the legislation, regulations and legal principles applicable to each case. This is to ensure that all parties to a complaint or an application are dealt with fairly and equitably. The Agency also ensures that Agency Members and staff maintain a high level of expertise in the transportation field and keep abreast of the constant evolution of the industry and its players. More information on the process is available on the Agency's Web site at http://www.cta.gc.ca/about-nous/decision_process_e.html.

Where possible, the Agency offers facilitation and mediation as alternatives to its formal process. These alternatives allow parties to resolve their issues in an informal manner that is faster, less litigious and less costly to all parties than the Agency's traditional decision-making process. In facilitation and mediation, the disputing parties work together to develop solutions and produce collaborative outcomes. This results in a better understanding between the parties and in agreements that inspire high levels of satisfaction and commitment.

During 2007–2008, a number of factors influenced the delivery of the Agency's activities and services, notably the following:

Legislative changes

The *Canada Transportation Act* is the Agency's enabling statute to implement the federal government's transportation policy. The Agency also shares responsibility for administering other Acts and their related regulations, including the *Canada Marine Act*, the *Pilotage Act*, the *Coasting Trade Act*, and the *Railway Safety Act*.

A thorough statutory review of the *Canada Transportation Act* was completed in 2001. The amendments to the Act, as a result of Bill C-11 and Bill C-8, are the culmination of extensive discussions and consultations aimed at updating the legislative framework that governs significant components of Canada's national transportation system. Both Bill C-11 and Bill C-8 are elements of the federal government's legislative strategy for amending the *Canada Transportation Act*.

Bill C-11, *an Act to amend the Canada Transportation Act and the Railway Safety Act and to make consequential amendments to other Acts*, received Royal Assent in June 2007. Amendments focus on balancing the interests of communities, consumers and urban transit authorities with those of air carriers and railways.

Bill C-11 amended legislative provisions under which the Agency may mediate, investigate, regulate or decide on matters as varied as air travel complaints and railway noise.

Highlights of Bill C-11:

General

- Strengthens the Agency's authority to mediate disputes as an alternative to its formal process if the parties in dispute agree.
- Authorizes the Minister of Transport to direct the Agency to examine and report on issues of public interest in certain mergers and acquisitions relating to all national transportation.

Rail

- Gives the Agency authority to resolve noise and vibration complaints caused by the construction or operation of railways and public passenger rail services.
- Provides that the Minister of Transport may request the Agency to adjust, once only, the volume-related composite price index to reflect the costs incurred by CN and CPR for maintenance of hopper cars used for the movement of Western Grain.
- Expands the Agency's role to decide on matters such as compensation for the use of facilities and services when public passenger rail operators cannot negotiate a commercial agreement with a railway.
- Expands provisions on railway line transfers and discontinuances of rail corridors in urban areas that could be used for urban transit purposes. Governments and urban transit authorities can also now apply to the Agency for a net salvage value determination prior to accepting the railway company's offer to acquire a railway line.

Air

- Integrates the Air Travel Complaints Program into the operations of the Agency, including the requirement to report on the number and nature of complaints received, the names of carriers and any systemic trends observed.
- Once in force, provides for the development of regulations by the Agency to ensure airline advertising practices are sufficiently transparent, allowing consumers to identify the true cost of flights within or originating in Canada.
- Requires domestic air carriers to post their terms and conditions of carriage on any Web site selling their domestic services.
- Enables the Agency to make regulations requiring a licensee or carrier to display terms and conditions of carriage of its international air services on its Web site if used for selling these services.
- Authorizes the Agency to make regulatory changes to direct international carriers that are not licensees to pay out-of-pocket expenses when they have failed to apply their tariff.
- Requires domestic air carriers to post signs prominently at their business offices advising passengers that their tariff, including the terms and conditions of carriage, is available for public inspection.

In February 2008, Bill C-8, an *Act to amend the Canada Transportation Act (railway transportation)*, received Royal Assent and contains amendments to rail transportation. Most notably rail freight transportation.

Highlights o `Bill C-8:

- Expands final offer arbitration to groups of shippers on matters common to all shippers and relating to rates or conditions for the movement of goods, when the shippers make a joint offer.
- Removes a requirement that the Agency be satisfied that a shipper would suffer substantial commercial harm before imposing a remedy for disputes relating to level of service, interswitching rates and competitive line rates.
- Increases the notice period for rate increases by railway companies for the movement of traffic to 30 days from 20.
- Upon a shipper's complaint, permits the Agency to investigate certain charges and conditions for the movement of traffic or provision of incidental services that may apply to more than one shipper, and make changes if they are found to be unreasonable.
- Allows for suspension of any final offer arbitration process if both parties consent to pursue mediation.

Outcome of appeals of key agency decisions

On March 23, 2007, the Supreme Court of Canada upheld significant Agency decisions that were issued in 2003 regarding the inaccessibility of VIA Rail's new Renaissance passenger rail cars to persons with disabilities. The Supreme Court of Canada's decision regarding the *Council of Canadians with Disabilities v. VIA Rail Canada Inc.* confirmed that Part V of the *Canada Transportation Act* is human rights legislation. As a result, the Agency is to apply the same human rights principles found in other human rights legislation, such as the *Canadian Human Rights Act*, and the jurisprudence that develops thereunder. More specifically, the Supreme Court has clarified the test that should be applied by the Agency in its investigation of accessibility cases and service providers are now required to meet a specific test of undue hardship in the assessment of whether reasonable accommodation has been provided to persons with disabilities. As the undue hardship test places a reverse burden of proof on service providers, their response to the new test — as reflected in their arguments made in reply to alleged undue obstacles — may have an impact on the time and resources required by the Agency in the processing of accessibility complaints for both individuals and where specific systemic issues are identified.

As of April 1, 2007, there were six appeal cases pending before the Federal Court of Appeal. During the 2007–2008 fiscal year, 13 new appeal cases were filed before the Court. The Court has rendered decisions on three of the appeals and the Agency's decisions were upheld in two of these cases. Therefore, as of April 1, 2008, 16 cases remain before the Courts.

Government-wide initiatives

The Agency's response to the Government of Canada management agenda has two distinct but inter-related dimensions. The first is to strengthen its accountability and stewardship. It has done so by ensuring that it uses the Management Accountability Framework in decision making. One of the most significant initiatives in 2007–2008 involved the development and implementation of a performance measurement framework along with targets. The framework will allow the Agency to improve its ability to analyze and report on its performance and the achievement of its strategic objectives.

The Agency also acted to strengthen its internal audit function. It undertook to fully implement the new policies and directives with respect to internal audit by requiring that the internal auditor comply with the qualifications as outlined in the *Guidelines on Expected Qualifications for Chief Audit Executives*. It has also decided to develop a risk-based audit plan, which would complement the work undertaken by the Comptroller General for small departments and agencies. This voluntary additional oversight will result in improved stewardship and accountability.

The second dimension is to act on the priority of public service renewal. This challenge is particularly acute for small organizations such as the Agency, which require highly specialized expertise to fulfil their mandates. In addition to succession planning, other considerations such as employment equity, requirements of the *Public Service Modernization Act*, values and ethics and learning are all integral to organizational performance. Given the interdependence of these dimensions and their effect on performance, the Agency is revising its three-year strategic human resources plan. This plan identifies several key measures specifically to enable and facilitate organizational renewal.

Facilitation and mediation

In addition to formal adjudication, the Agency offers facilitation services to attempt to informally resolve, at the staff level, disputes or concerns regarding future travel. Facilitation does not require parties to file a formal complaint. However, if they have already done so, facilitation provides a means of resolving their concerns on a more timely basis and to the parties' satisfaction.

The Agency has offered mediation as an alternative to its formal adjudication process since 2000 on a pilot basis; however, it is now officially entrenched in the *Canada Transportation Act*. Voluntary and informal, mediation is confidential and relatively non-adversarial, allowing disputing parties to understand other perspectives, identify facts, check assumptions, recognize common ground and test possible solutions. The process allows disputing parties to develop creative solutions that may not be available through formal adjudication.

In 2007–2008, the Agency continued to offer mediation and facilitation, reaffirming its belief in voluntary dispute resolution as one of its core processes. A diverse range of

accessible transportation, commercial and infrastructure disputes were referred to mediation in 2007–2008. The Agency received 46 new requests for mediation, compared with 23 in 2006–2007.

In addition to the new requests in 2007–2008, there were 18 mediation requests carried over from the previous year, resulting in a total of 64 mediation requests, of which 46 cases were closed. Of these:

- 19 cases were settled by mediation;
- in eight cases mediation was declined by the respondent, in seven cases the request for mediation was withdrawn, in four cases mediation was not successful;
- in three cases the Agency did not accept the request for mediation;
- three cases were closed due to inactivity on the file;
- two cases were settled prior to mediation; and
- 18 cases were pending at year end.

The Agency used facilitation to successfully resolve 28 accessibility-related complaints.

Summary of Performance by Departmental Priority

The Agency pursued the following departmental priorities during 2007–2008:

Priority	Type	Performance Status
1. Addressing Agency workload and resource challenges	Previously committed to	Partially attained and on-going
2. Succession planning	Previously committed to	Partially attained and on-going
3. Improving the dispute resolution system	Previously committed to	Partially attained and on-going

Addressing Agency workload and resource challenges

The Agency has taken important steps to ensure that it has the ability to respond to shifts in the volume and nature of its workload within its resource base. As a result of this focus, several accomplishments were realized.

The most significant is a redesign of the Agency's organizational structure, which has been relatively unchanged for the past fifteen years. This new structure will enhance the Agency's ability to respond to changes and reallocate resources where they are most needed. The new structure was in place effective April 1, 2008.

The Agency conducts an annual resource allocation exercise that integrates forecasts of workload, operational requirements, human resource objectives and strategic priorities.

This is an important step in ensuring that it uses the funds allocated by Parliament to attain better results for Canadians.

The Agency also continued to enhance its work processes and systems. For example, after piloting a streamlined Agency decision format in several areas, the Agency expanded the use of this format and trained staff in its use. While maintaining its integrity as a legal document, the new format is easier to use, more concise and less resource intensive.

Addressing succession planning

The Agency continued to develop a flexible staffing regime that more effectively supports its succession strategies by increasing the use of staffing pools for similar positions. The key goal of the new organizational structure is to improve responsiveness to changing workload demands, and to provide greater learning and knowledge transfer opportunities between employees working in similar functions. The new organization will ensure that the pressures resulting from the loss of experienced employees will be mitigated.

The Agency continues to rely on its comprehensive, integrated human resources planning framework that focusses on corporate priorities in human resources management, and reflects the objective of more strategic staffing and recruitment.

Language training

The Agency's investment in its internal language training program continued to generate positive results in 2007–2008. Nearly 20 percent of Agency employees have enrolled in internal courses to enhance and maintain their linguistic capacity in both official languages. In addition, internal funding was allocated to provide language training to employees in key positions for succession planning purposes. Currently 199 positions are designated bilingual and 100 percent of employees fully meet the linguistic requirements for their position.

Three-year strategic human resources plan

The Agency continued to implement the Human Resources Roadmap with the following measures related to the strategic priorities:

- succession planning and maintenance of expertise as described above;
- continuous learning by contracting for a review of the Agency's policy and practices in the area of learning and development;
- values and ethics through the development of an action plan for the Values and Ethics program at the Agency;
- employment equity by updating the Agency Employment Equity plan;
- official languages through the continuation of the language training program described above; and

- greater use of generic positions and staffing pools to increase flexibility.

Improving the dispute resolution system

Many of the same measures undertaken to address the workload challenge apply to the priority to improve the dispute resolution system. A performance measurement framework with indicators and targets was established to monitor and evaluate the effectiveness of those processes. Information systems were also enhanced in order to facilitate monitoring and forecasting workload as well as to streamline processes. Several business processes were adjusted and are expected to improve responsiveness. Other tools, such as the simplified decision format, were also deployed to achieve this objective.

Link to the Government of Canada Outcome Areas

The Agency's Strategic Outcome and Program Activity are directly aligned with the broader Government of Canada Strategic Outcome of *a fair and secure marketplace*. The regulatory programs that the Agency implements are designed to resolve economic issues, to remove transportation barriers and to protect the rights of consumers, carriers and other interested parties. These programs help improve the overall quality of life in Canada, as an efficient and accessible transportation system benefits all Canadians.

The Agency is one of many players involved in transportation and it maintains close ties with its various co-delivery partners, including Transport Canada, the Department of Foreign Affairs and International Trade, the Canada Border Services Agency, the Canadian Human Rights Commission, and a number of provincial governments. For details on these relationships, refer to the Agency's Web site at http://www.cta.gc.ca/about-nous/partners_e.html.

SECTION II: ANALYSIS OF PROGRAM ACTIVITY BY STRATEGIC OUTCOME

2.1 Analysis of Program Activity by Strategic Outcome

Program Activity: Economic regulation of the federal transportation system

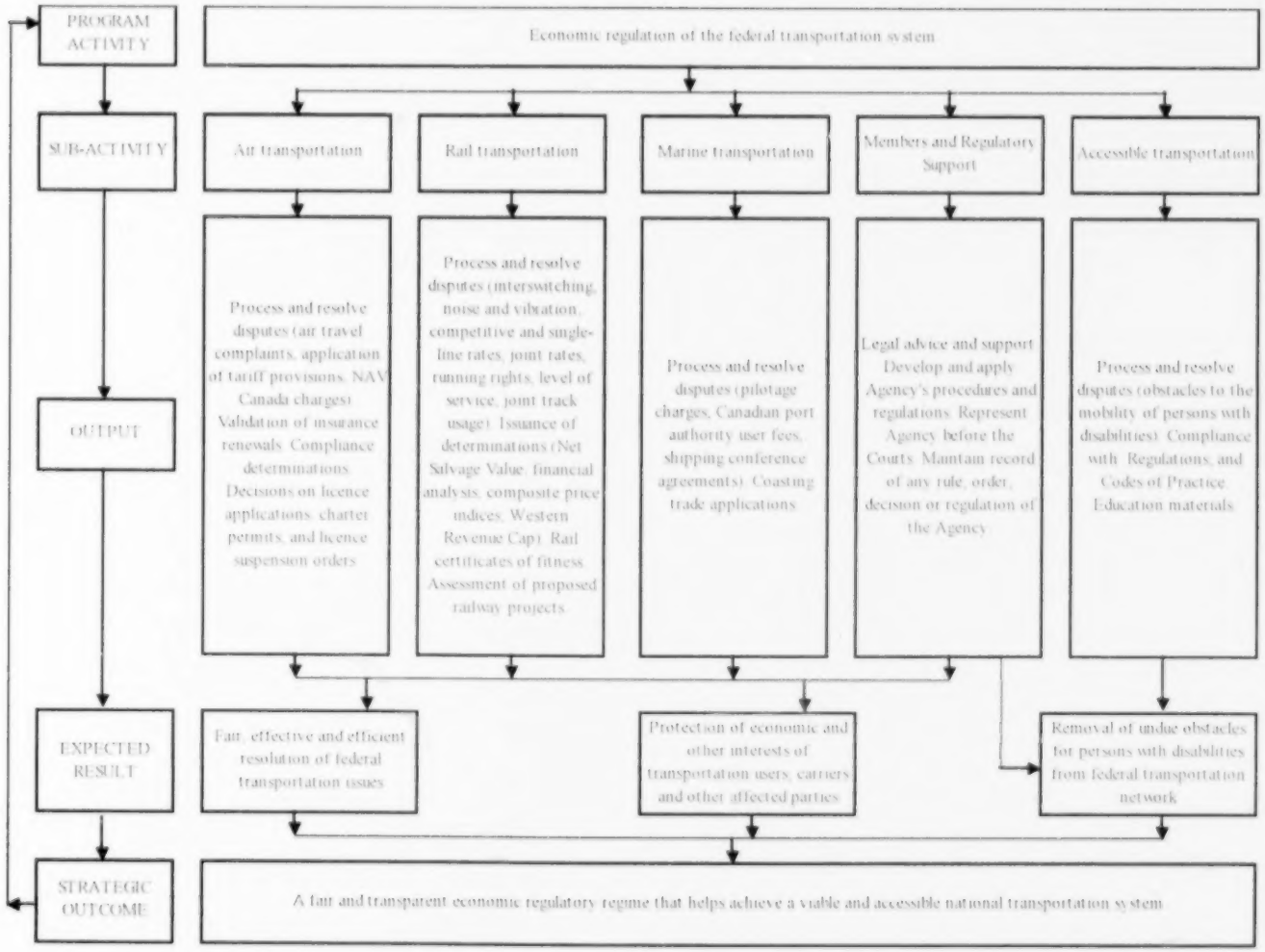
Description: Economic regulation of air, rail, and marine transportation through the administration of laws, regulations, voluntary codes of practice, educational and outreach programs and through the resolution of disputes. As an independent quasi-judicial administrative tribunal reporting to the Parliament of Canada through the Minister of Transport, the Canadian Transportation Agency makes its decisions independently, on a wide range of matters affecting Canadian transportation.

The Agency's program activity is delivered via five program sub-activities: air transportation, rail transportation, marine transportation, accessible transportation, and members and regulatory support.

In support of its strategic outcome, the Agency is both an economic regulator and a quasi-judicial tribunal. As a regulator, the Agency has a mandate to administer the economic regulatory provisions affecting all modes of transport under federal jurisdiction found in various Acts of Parliament. It makes decisions on a wide range of matters involving federally regulated transportation. It also regulates the national transportation system through the administration of laws, regulations, voluntary codes of practice, education and outreach programs. As a quasi-judicial tribunal, the Agency operates like a court and has the authority to issue decisions and orders on matters within its jurisdiction through formal adjudication. The Agency resolves disputes between users of, service providers within, and others affected by, the national transportation system with regards to transportation services, rates, fees and charges, terms and conditions of carriage, accessibility and other matters. Since complaints drive many of the Agency's processes, it has developed ways of handling complaints quickly, effectively and fairly.

The Agency has identified three expected results for this program activity. These results allow the Agency to measure its performance in delivering its mandate, the key element of which is to make sound decisions within the time frames established in the legislation on issues and disputes affecting the transportation system and on matters specified in the legislation as the Agency's responsibility.

Canadian Transportation Agency Logic Model


PROGRAM ACTIVITY
Economic regulation of the federal transportation system
SUB-ACTIVITY
Air transportation
Rail transportation
Marine transportation
Members and Regulatory Support
Accessible transportation
OUTPUT
Process and resolve disputes (air travel complaints, application of tariff provisions, NAV Canada charges). Validation of insurance renewals. Compliance determinations. Decisions on licence applications, charter permits, and licence suspension orders.
Process and resolve disputes (interswitching, noise and vibration, competitive and single-line rates, joint rates, running rights, level of service, joint track usage). Issuance of determinations (Net Salvage Value, financial analysis, composite price indices, Western Revenue Cap). Rail certificates of fitness. Assessment of proposed railway projects.
Process and resolve disputes (pilotage charges, Canadian port authority user fees, shipping conference agreements). Coasting trade applications.
Legal advice and support. Develop and apply Agency's procedures and regulations. Represent Agency before the Courts. Maintain record of any rule, order, decision or regulation of the Agency.
Process and resolve disputes (obstacles to the mobility of persons with disabilities). Compliance with Regulations, and Codes of Practice. Education materials.
EXPECTED RESULT
Fair, effective and efficient resolution of federal transportation issues
Protection of economic and other interests of transportation users, carriers and other affected parties
Removal of undue obstacles for persons with disabilities from federal transportation network
STRATEGIC OUTCOME
A fair and transparent economic regulatory regime that helps achieve a viable and accessible national transportation system

Below is a brief summary of the Agency's achievements by expected result:

Ensuring fair, effective and efficient resolution of federal transportation issues

Part of the Agency's mandate is to resolve transportation issues within the federal transportation system pertaining to air, designated rail and marine modes of transportation and for certain accessibility matters, extra-provincial bus transportation. It does so either by investigating and making formal tribunal decisions on complaints and ordering corrective measures as required, or by helping parties resolve their issues through an alternate dispute resolution process of mediation or facilitation. In 2007–2008, the Agency:

- resolved 807 disputes; and
- implemented measures to improve service levels, as resolving more complex complaints within the 120-day statutory deadline continued to pose a significant challenge.

Removing undue obstacles for persons with disabilities from the federal transportation network

The Agency contributes to improving access to the federal transportation system for persons with disabilities by resolving complaints, developing standards and carrying out education initiatives. In 2007–2008, the Agency:

- issued 10 rulings ordering corrective actions for the removal of undue obstacles to the mobility of persons with disabilities;
- resolved 46 accessibility complaints through facilitation, mediation and formal rulings;
- promoted accessible transportation and uniform service standards for Canadians with disabilities travelling within Canada and abroad; and
- released a new Passenger Terminal Accessibility Code of Practice and an accompanying guide.

Protecting the economic and other interests of transportation users, carriers and other affected parties

The Government's transportation policy promotes competition and acknowledges market forces. It also recognizes that regulation and strategic public intervention may be required to protect consumers, shippers and Canadian carriers in all modes. The goal is to ensure Canada has an economic and efficient transportation system that does not unduly favour, or reduce the inherent advantages of any particular mode of transportation. In 2007–2008, the Agency:

- after reviewing compliance with the air licensing requirements, processed 1,687 air licensing applications, including applications for new licences as well as suspensions, cancellations and reinstatements;

- issued 1,216 charter permits and denied five permit requests;
- achieved average processing times of 12 days for charter permits and 18 days for coasting trade applications;
- participated in negotiations or consultations with 11 countries and the European Union for new or amended bilateral air agreements or arrangements;
- after investigating suspected illegal air operations, identified 15 contraventions;
- after determining that adequate liability insurance was in place, the Agency amended eight rail certificates and processed two cancellations;
- after assessing their environmental impact, allowed two railway construction projects to proceed, and continued to monitor 17 other projects for their potential effect on the environment;
- determined that Canadian Pacific Railway Company had exceeded their revenue entitlement under the revenue cap regime for Western grain. The carrier was ordered to pay the excess amount as well as incur a penalty for a total of $3,948,371 to be paid to the Western Grains Research Foundation. Canadian National Railway Company's revenue was $2,105,869 below its revenue cap;
- considered 164 coasting trade applications to protect the interests of the Canadian marine industry and allow foreign vessels when no suitable Canadian ships are available; and
- issued one ruling that proposed increases in pilotage fees were not prejudicial to the public interest; and
- was prepared to mediate after an objection to tariff increases was filed. However, the dispute was settled before mediation took place and the objection was withdrawn.

The contribution of the air, rail, marine and accessible sub-activities are key in explaining the Agency's overall performance and are discussed in more detail below.

Spending and Contribution to Results by Program Sub-activity

Program Sub Activity	Fair, effective and efficient resolution of federal transportation issues	Removal of undue obstacles for persons with disabilities from federal transportation network	Protection of economic and other interests of transportation users, carriers and other affected parties
Air transportation	√		√
Rail transportation	√		√
Marine transportation	√		√
Accessible transportation		√	
Members and regulatory support	√	√	√

Air Transportation

Financial Resources ($ thousands)

Planned Spending	Total Authorities	Actual Spending
8,831	9,388	8,890

Description and expected results

This sub-activity is responsible for:

- licensing air carriers that provide domestic or international publicly available air transportation services to ensure that carriers hold liability insurance and a valid Canadian aviation document, and that Canadian carriers are owned and controlled by Canadian citizens;
- administering a permit system for international charter operations to protect international passenger charter flight advance payments;
- participation in negotiation of international air transport agreements and administration and implementation of these international air transport agreements;
- participation in international aviation regulatory organizations (e.g. International Civil Aviation Organization);

- processing of applications for extra-bilateral air services and approval of cooperative arrangements such as leasing and code-sharing;
- administering international air tariffs to ensure that bilateral agreements are respected, while balancing the interests of all parties;
- resolving complaints related to carriers' application of their tariff provisions and on prices applied by air carriers on non-competitive routes within Canada to ensure that air carriers licensed to operate in Canada meet the legislative requirements in place to protect Canadians; and
- ruling on appeals of new or revised air navigational charges imposed by NAV CANADA to ensure that principles used to establish them are in compliance with the legislation.

Results achieved

Tariffs

Air carriers operating publicly available air services in Canada are required to publish a tariff, setting out their terms and conditions of carriage, fares, rates and charges. These tariffs must be made available to the public on request. With certain exceptions, tariffs for international services to and from Canada must be filed with the Agency.

The Agency helps to protect the interests of the travelling public, shippers and Canadian air carriers by ensuring that carriers abide by the terms and conditions of carriage, fares, rates and charges set out in their published tariffs; that proposed fares, rates, charges and terms and conditions of carriage are clear, just, reasonable and not unduly discriminatory; and that they are consistent with Canadian legislation and regulations, and with the relevant international agreements.

Most complaints the Agency receives from individuals centre on whether an air carrier has properly applied its tariff. If the Agency finds that it did not, the Agency can order the carrier to properly apply its tariff and to reimburse out-of-pocket expenses that the passenger may have incurred due to the incident. While a few of these complaints are resolved using the quasi-judicial process, the great majority are addressed using an informal process in which Agency employees investigate the complaints to determine their validity and, where appropriate, negotiate settlements between carriers and complainants.

During fiscal year 2007–2008, the Agency closed 683 such complaints through its informal process, as compared with 819 in 2006–2007. The Agency was able to close approximately 25 percent more complaints during 2006–2007 than the historical yearly average as a result of its targeted initiative to reduce the number of active cases carried forward into 2007–2008. The number of complaints that the Agency closed through its informal process during 2007–2008 is consistent with the historical yearly average.

The Agency also deals with complaints related to whether a tariff is just and reasonable. In such cases, if the Agency determines that a particular provision of a tariff is either

unjust or unreasonable, it may order the carrier to amend its tariff. No compensation is payable to the complainant under such circumstances.

A key decision issued in December 2007 involved Air Canada's denied boarding of a person for a flight from Toronto, Ont., to Edmonton, Alta. In its decision, the Agency stated that the need to seek volunteers before denying boarding is a key element of the denied boarding policy, and that there may have been confusion among Air Canada front-line staff about the procedures to follow in cases where it becomes necessary to deny boarding because of over-booking. Accordingly, the Agency ordered Air Canada to issue a bulletin to carrier staff involved in the denied boarding process, reminding such staff of Air Canada's denied boarding policy, as set out in the carrier's tariff, including the requirement to seek volunteers to relinquish their seats before denying boarding to passengers.

NAV CANADA charges

The Agency reviews appeals of new or revised charges for air navigation services implemented by NAV CANADA. Appeals can be filed only if it is established that NAV CANADA has not observed the statutory notice requirements, announcement requirements, or the charging principles set out in the *Civil Air Navigation Services Commercialization Act*.

During 2007–2008, NAV CANADA filed an announcement of revised service charges with the Agency. Pursuant to section 42 of the *Civil Air Navigation Services Commercialization Act*, these revised service charges were appealable to the Agency for a period of 30 days; however, no appeals were filed with the Agency.

Licensing and charters

As the Canadian licensing authority for publicly available air services, the Agency licenses Canadian air carriers to transport passengers and cargo within Canada. It also licenses Canadian and foreign applicants to operate scheduled and non-scheduled (charter) international air services to and from Canada. A licence applicant must have adequate liability insurance and must hold a Canadian aviation document issued by Transport Canada. If an applicant proposes to operate commercial air services as a Canadian air carrier, it must prove that it is Canadian-owned and controlled. Also, if a Canadian applicant proposes to use a medium or large aircraft, it must meet certain financial requirements. To maintain their licences, all licence holders must continue to hold a valid Canadian aviation document and have adequate liability insurance.

The new Canada-U.S. Agreement came into force on March 12, 2007, replacing the 1995 Canada-U.S. Agreement. Normally, all licences issued by the Agency for international services terminate with the signature of a new agreement; however, the Agreement specifically provided for authorities to continue until they are replaced with new licences in accordance with and reflecting the new Agreement. The Agency issued amended licences to all 21 Canadian carriers and 668 U.S. carriers under its authority. The replacement was done as part of the implementation of the provisions of the new

Agreement as an administrative action in order to reduce the administrative burden on airlines and the government.

During fiscal year 2007–2008, the Agency processed 1,687 air licensing applications, which included applications for new licences, suspensions, cancellations and reinstatements. The increase in the number of air licence applications in 2007–2008, from 1,299 in 2006–2007, is due to the amendments to licences for Canadian and U.S. carriers as well as a general increase in the number of suspensions and reinstatements.

The Agency grants charter permits to Canadian carriers to transport Canadian-originating passengers and cargo to foreign countries, and to foreign carriers to transport passengers and cargo from Canada to their home country. In the case of international passenger charter flights originating in Canada, the Agency also ensures that advance payments are protected through a letter of credit or agreement of guarantee that requires the prompt refund of all advance payments received from tour operators and charterers should the air carrier fail to provide the flights. The Agency also receives applications from foreign carriers to transport passengers and cargo between Canada and countries other than their home country. In reviewing these applications, the Agency balances the interests of Canadian travellers and shippers with the interests of affected Canadian carriers. Applications regarding passenger charter flights between Canada and third countries that do not also involve a service between the carriers' home country and Canada, are considered only under special circumstances and on an exceptional basis and where justified by the applicant.

During 2007–2008, the Agency issued 1,216 charter permits and denied five permit requests.

The *Canada Transportation Act* requires air carriers to give notice of intention to discontinue or reduce domestic air services in certain circumstances. The Act also requires them to provide an opportunity for elected officials of the local government of the affected communities to meet with the air carrier to discuss the possible impact of such changes. During the fiscal year 2007–2008, there were no applications for reductions or exemptions to the notice requirements.

Bilateral air transport agreements

The Government of Canada negotiating team, comprised of officials from Transport Canada, the Agency and the Department of Foreign Affairs and International Trade, and led by Canada's Chief Air Negotiator, negotiates air transport agreements with other countries. The Agency is also responsible for the timely implementation and administration of those portions of international air transport agreements and arrangements that fall within the Agency's jurisdiction. This task involves the provision of advice and recommendations to negotiators to coordinate regulatory and treaty obligations to ensure obligations are satisfied in the administration of agreements. As well, the Agency processes applications for services not included in an agreement, approval for code-share and leasing arrangements and for extra capacity as provided for in bilateral agreements. Staff members also participate, as representatives of the Agency

or of the Canadian Government, in the activities of the International Civil Aviation Organization (ICAO) on matters related to economic regulation and facilitation. Agency staff acted as both the Chair and Secretary to Canada's National Facilitation Committee and led the preparation of the Canadian delegation to the ICAO Facilitation Panel. An Agency staff member was elected Chairman of the Panel. Agency staff led the Canadian delegation for the presentation of facilitation issues at the ICAO Assembly in March/April 2008.

As of March 31, 2008, Canada had 77 bilateral air transport agreements and arrangements, which provide the frameworks governing primarily scheduled international air services. During the year, Agency staff participated in negotiations with 11 different countries, including Ireland, Kuwait, Japan, Jordan, Iceland, New Zealand, Singapore, Mexico, Barbados, Panama and Israel, and the European Union. In addition to issuing new scheduled international licence authorities, the Agency addressed 115 applications relating to bilateral air agreements and arrangements. Of these, 67 involved such matters as code-sharing and leasing of aircraft with flight crews, and 42 dealt with applications for extra-bilateral authorities.

Regulatory compliance

To ensure regulatory compliance with Canadian law, Agency enforcement staff—located in field offices in six cities across Canada—conduct periodic inspections of Canadian-based licensees and of passenger terminals that fall under the Agency's purview. Staff members also investigate allegations that companies and individuals are operating in contravention of the *Canada Transportation Act* and related regulations. Sanctions for non-compliance range from the assessment of an administrative monetary penalty, to cease and desist orders and formal reprimands. During fiscal year 2007–2008, the Agency completed 266 on-site inspections of Canadian-based air carriers and passenger terminal operators. Of the 68 informal warnings it issued for minor contraventions, 56 went to air carriers and 12 to passenger terminal operators. The Agency also completed 31 investigations of carriers or individuals suspected of operating illegal air services in Canada, and identified 15 contraventions.

Detailed statistics and further information on licensing, charter and tariff activities can be found in the Agency's Annual Report for 2007–2008 (refer to the Air transportation sections), which is available on its Web site at http://www.cta.gc.ca/publications/ann-rpt/2007-2008/index_e.html. Information is also available in the Web site's Air section.

Rail transportation

Financial Resources ($ thousands)

Planned Spending	Total Authorities	Actual Spending
6,844	6,690	6,073

Description and expected results

This sub-activity is responsible for:

- resolving disputes between shippers and rail carriers regarding issues such as: interswitching, competitive or single line rates; joint rates; running rights; joint track usage; and level of service to ensure that shippers have access to alternative railways, adequate level of service and reasonable rates;
- resolving disputes between railway companies and municipalities, road authorities, landowners and others that interact with them to ensure a balance between parties of varying economic stature and a lower-cost, more efficient process to resolve disputes;
- making fair and reasonable determinations of Canadian National Railway Company (CN) and Canadian Pacific Railway Company (CP) unit costs and price indices, for use in the development of interswitching rates and other regulatory cost applications;
- making an independent and fair assessment of the annual revenue caps for CN and CP for the movement of Western grain to ensure the railway companies have not exceeded their revenue entitlement for the movement of Western grain;
- making fair and reasonable determinations of the net salvage values of railway lines advertised for discontinuance and sale, as requested by at least one of the parties to the purchase transaction;
- issuing rail certificates of fitness to federally regulated rail carriers to ensure that they hold adequate liability insurance; and
- assessing the environmental, operational, social and other impacts of proposed railway construction projects and ordering corrective measures as required to ensure the requirements of the *Canadian Environmental Assessment Act* and the interests of communities affected by the proposed lines are taken into account.

Results achieved

Western grain revenue caps

In each crop year, ending July 31, the Agency regulates the amount of revenue earned for the movement of statutory grain by rail in Western Canada. The program provides a flexible pricing regime for transporting Western grain by rail while safeguarding grain shippers and farmers from excessive rail rate increases. As part of this program, the Agency annually determines the maximum revenue entitlement (also known as the revenue cap) for CN and CP for the movement of this grain. Then it determines the actual

revenues that CN and CP earned, and compares them with this revenue cap. The fiscal year 2007–2008 was the seventh year in which the Agency made revenue cap determinations.

In 2007–2008, the Agency found that CP's actual revenue exceeded its respective revenue cap for the crop year 2006–2007. As a result, CP had to pay the difference between its actual revenue and its respective revenue cap plus a five-percent penalty to the Western Grains Research Foundation, a total of $3,948,371. CN's grain revenue for crop year 2006–2007 was $2,105,869 below its revenue cap.

This decision is available on the Agency's Web site at http://www.cta.gc.ca/rulings-decisions/decisions/2007/R/655-R-2007_e.html.

CP appealed a portion of this ruling to the Federal Court of Appeal and this appeal was pending on March 31, 2008.

The Agency's administrative responsibilities for the revenue cap program include determining an annual inflation index (known as the volume-related composite price index), which is factored into each railway's revenue cap. To determine this price index, the Agency consults with parties in the grain-handling and transportation industry, including producer representatives, shipper organizations, railway companies, grain companies, and federal, provincial and municipal governments. It also verifies and audits detailed information in railway submissions.

The Agency's original determination of the volume-related composite price index for crop year 2007–2008 reflected an increase over the previous crop year. However, on June 22, 2007, Bill C-11, an *Act to amend the Canada Transportation Act and the Railway Safety Act and to make consequential amendments to other Acts*, received Royal Assent. Clause 57 of Bill C-11 called upon the Agency to make an adjustment to the volume-related composite price index to reflect the [lower] costs incurred by CN and CP for the maintenance of hopper cars used for the movement of grain. The Agency issued a decision establishing an interim price index until the final volume-related composite price index was determined, which resulted in an 8.4 percent decrease from the original determination of the index.

CN and CP appealed both the decisions establishing the interim and final adjusted volume-related composite price index before the Federal Court of Appeal, which stayed both decisions. These appeals were pending on March 31, 2008.

Dispute resolution

Certain provisions in the *Canada Transportation Act* are intended to ensure that shippers have access to alternative railways, an adequate level of service and reasonable rates. The Agency can consider applications or complaints related to interswitching, competitive or single line rates, joint rates, running rights and level of service. During 2007–2008, the Agency received nine level-of-service complaints to add to three outstanding complaints. The new applications that the Agency was considering related to issues such as

inadequate rail service and inequitable car allocation. At year end, four complaints had been settled and eight remained outstanding, including one group case with wide-ranging implications.

Shippers are also protected through access to a final offer arbitration process administered by the Agency. Final offer arbitration is a confidential method of settling a matter through an independent arbitrator. During this fiscal period, the Agency received one final offer arbitration request, which was referred for arbitration.

The Agency also has a mandate to resolve disputes between railways and other parties. During fiscal year 2007–2008, the Agency resolved 13 formal and numerous informal disputes between railways and municipalities, road authorities, utility companies, landowners and private citizens. Issues under dispute included apportionment of costs for grade separations and for grade crossing protective devices; rights to private crossings; terms and conditions of utility crossings; and the location of road and pipeline crossings. This function ensures a balance between parties of varying economic stature, allows for judicial remedies where parties of different jurisdictions may be in conflict and provides a less expensive, more efficient process for resolving disputes than potentially lengthy and costly court proceedings.

The Agency further assisted parties by initiating a full review to update the *Guide to Railway Charges for Crossing Maintenance and Construction*. The Agency maintains this guide, which sets a nation-wide rate structure for work performed by railway companies related to crossings and similar projects. The guide reduces or eliminates disputes involving invoicing matters between Canadian municipalities or road authorities and railways, while also reducing the administrative burden on the parties. During the year, the Agency consulted with CN and CP to ensure that the upcoming revision to the guide (was released in July 2008) will incorporate the most accurate, up-to-date railway costing and operational information.

Railway costs

The Agency is required to annually assess the operating costs of the two Class 1 railways, CN and CP, to assist in deliberations regarding complaints related to interswitching, competitive or single line rates, joint rates, running rights and level of service. During 2007–2008, the Agency finalized the determination of the 2005 and 2006 unit costs for CP and significantly advanced the determination of the 2005 unit costs for CN. Additionally, the Agency finalized the development of 2006 labour, material and fuel price indices for CN and CP, and developed 2007 preliminary labour, material and fuel price indices for both CN and CP.

Net salvage value determinations

Railway companies are required to advertise the availability of railway lines for continued operation before discontinuing them. Parties are free to negotiate an acceptable sale price. However, any party to the negotiation can ask the Agency to set the net salvage value of the line for continued operation. If the railway does not transfer the line after advertising it, it must offer to transfer the line to the federal and provincial

governments, urban transit authorities, and municipal or local government for not more than the net salvage value of the line. Either the railway or the government may ask the Agency to determine the net salvage value. Governments may use the line for any purpose after taking possession. The Agency received one application for a net salvage value determination of a railway line for continued operation. Three applications were received from local governments for net salvage value determinations for any purpose, which remained outstanding at the end of the year. The Agency also received a joint request from the Municipality of Greenstone (in Northern Ontario) and CN to prepare a report on the net salvage value of the Kinghorn Subdivision. The report was provided to the Municipality of Greenstone in March 2008.

Certificates of fitness

The Agency issues a certificate of fitness when it is satisfied that a company proposing to construct or operate a railway under federal jurisdiction has adequate liability insurance. Certified companies are then monitored for continued compliance. During 2007–2008, the Agency amended eight certificates of fitness for existing companies, and processed two cancellations due to the integration of two subsidiaries into the operations of CN. The Agency monitors all 34 existing federal railways for continual compliance with regulatory insurance requirements.

Railway line construction assessments

The Agency is responsible for assessing the environmental, economic, operational, social and other impacts of railway line construction in Canada. In 2007–2008, the Agency approved the construction of a new railway spur in Oshawa, Ont., and the Fort Hills spur near Fort Saskatchewan, Alta. In so doing, the Agency took into account the requirements for railway operations and services, the interests of the communities that would be affected by the proposed construction, and the requirements of the *Canadian Environmental Assessment Act* (CEAA). In addition, it allowed two railway crossing projects to proceed under the CEAA once it was assured there would be no significant adverse environmental effects. It continued to assess and monitor 17 other projects that will likely require Agency approval in the future, such as the proposed Pearson International Airport rail link in Toronto.

Economic regulation

The Agency has an agreement with the Competition Bureau to monitor CN's transit times to deliver railway cars along the former BC Rail lines from northern British Columbia to Vancouver interchanges. In 2007–2008, the Agency issued four transit time reports covering the last quarter of 2006 and the first three quarters of 2007. Some interline traffic in certain zones was under the benchmark while some exceeded the benchmark, but not at a level significant enough to indicate any operational difficulties.

Details of the Agency's rail transportation activities can be found in the Agency's Annual Report for 2007–2008 (refer to the Rail transportation sections), which is available on the Agency's Web site at http://www.cta.gc.ca/publications/ann-rpt/2007-2008/index_e.html. Information is also available in the Web site's Rail section.

Marine Transportation

Financial Resources ($ thousands)

Planned Spending	Total Authorities	Actual Spending
1,339	1,052	1,018

Description and expected results

This sub-activity is responsible for:

- determining if Canadian ships are available to operate commercial services proposed to be provided by foreign ships in Canadian waters in order to ensure that no foreign ships will be allowed to operate commercial services in Canadian waters if a suitable Canadian ship is available to carry out the services;
- resolving complaints about user fees charged by Canadian port authorities, the St. Lawrence Seaway Management Corporation and the Federal Bridge Corporation to determine if they are unjustly discriminatory;
- resolving complaints that shipping conference agreements or actions by a member of a cartel of shipping lines substantially reduces competition and results in an unreasonable increase in price or a reduction in service; and
- ruling on objections to proposed pilotage charges to determine whether the pilotage authority has based its fees to continue operations on a self-sustaining financial basis, and if the proposed user charges are fair, reasonable and in the public interest.

Results achieved

Coasting Trade Act

Under the *Coasting Trade Act*, the transport of goods, passengers and any other commercial activity in Canadian waters, including the continental shelf area, is reserved for Canadian-registered vessels, except where no suitable Canadian vessels are available to carry out an activity. Before an applicant can get a coasting trade licence to bring a foreign vessel into Canadian waters for a commercial activity, the Agency must determine that no suitable vessel in the Canadian marine industry is available. In 2007–2008, the Agency processed 164 coasting trade applications (compared with 118 in 2006–2007). Of these, 141 were approved and six were denied. Sixteen applications were withdrawn (no Agency ruling required) and one was dismissed as speculative.

In most cases (127 out of 148 where a ruling was issued), there were no offers of Canadian vessels from the Canadian marine industry so the Agency ruled that there were no suitable Canadian ships available. Sixty-nine applications related to petroleum tankers, while the other applications related to a mixture of specialized ships such as seismic vessels, cargo vessels, construction vessels, drilling rigs and passenger vessels. The average processing time for coasting trade applications in 2007–2008 was 18 days.

Canada Marine Act

Under the *Canada Marine Act*, the Agency may investigate complaints about fees set by the port authorities, which manage operations at major ports across the country. Also under this Act, the Agency may investigate complaints regarding tolls set by the St. Lawrence Seaway Management Corporation and the Federal Bridge Corporation.

In December 2007, Adventure Tours Inc. filed a complaint alleging that the St. John's Port Authority had refused to issue the company a licence to allow operations of its two masted schooner out of the St. John's harbour in Newfoundland and Labrador. Adventure Tours Inc. argued that the port authority acted in a discriminatory manner that caused financial hardship. The St. John's Port Authority argued that the Agency does not have jurisdiction to consider the complaint as the Agency only has the mandate to investigate fees fixed by a port authority. The Agency found that this complaint related to a policy or practice of the St. John's Port Authority and concluded that it did not have the jurisdiction to investigate the complaint filed by Adventure Tours Inc. as the complaint is not related to a fee fixed by the port authority.

No complaints were filed in 2007–2008 regarding tolls set by the St. Lawrence Seaway Management Corporation and the Federal Bridge Corporation.

Pilotage Act

Under the *Pilotage Act*, most ships entering or leaving major Canadian ports or traversing designated Canadian waterways must have a qualified Canadian marine pilot on board to navigate. Four pilotage authorities (Atlantic, Laurentian, Great Lakes and Pacific) are responsible for pilotage services in their respective regions and set the tariffs for these services. The Agency has the mandate, upon objection, to investigate whether any proposed tariff increase is in the public interest.

In October 2006, the Laurentian Pilotage Authority (LPA) published a tariff proposal to increase its pilotage fees, which triggered objections by the Shipping Federation of Canada (SFC) and the Canadian Shipowners Association. The Agency ruled in a majority decision that the tariff proposal was in the public interest, and recommended its implementation. In September 2007, the LPA published a tariff proposal that contains tariff increases for the years 2008, 2009 and 2010, and no objections were filed with the Agency.

In October 2007, the Atlantic Pilotage Authority (APA) published a tariff proposal to increase pilotage charges at 11 compulsory pilotage areas, and proposed to implement a separate $100 surcharge per assignment at Halifax, N.S., and Saint John, N.B., for two and three years respectively. This surcharge is designed to setup a pilot boat replacement fund. The SFC objected to the APA's tariff proposal. The APA and the SFC have settled their differences on their own and the SFC withdrew its objection.

Shipping Conferences Exemption Act

Under the *Shipping Conferences Exemption Act*, a person may file a complaint with the Agency if he or she believes that a conference agreement or an action by a member line

reduces competition and results in an unreasonable increase in price or a reduction in service. No complaints under this Act were filed in 2007–2008.

Details of the Agency's marine transportation activities can be found in the Annual Report for 2007–2008 (refer to the Marine transportation sections), which is available on the Agency's Web site at http://www.cta.gc.ca/publications/ann-rpt/2007-2008/index_e.html and in the Marine section of the Web site.

Accessible Transportation

Financial Resources ($ thousands)

Planned Spending	Total Authorities	Actual Spending
2,690	2,640	2,496

Description and expected results

This sub-activity is responsible for:

- resolving complaints, promulgating regulations, developing codes of practice and standards concerning the level of accessibility in modes of transport under federal jurisdiction, and communicating with the transportation industry and the community to ensure that the federal transportation network is accessible to persons with disabilities by removing undue obstacles to their mobility, and to increase awareness about industry and consumer rights and obligations.

Results Achieved

The case-by-case approach
When travellers believe they have encountered an undue obstacle, they may contact the Agency for help. If the parties do not agree to resolve the complaint through mediation or facilitation, the Agency will investigate the complaint to determine whether an obstacle exists and whether it is undue.

Through the years, the Agency has received several complex applications that raise significant issues that, due to their importance to industry and to persons with disabilities, have required oral hearings, expert evidence and extensive analysis. Some of these issues have been related to obesity and allergies, both of which are "grey area" disabilities that require a detailed analysis to assess whether a particular individual is a person with a disability in the context of the federal transportation network. The Agency decisions in such matters can be significant for both the industry and the community of persons with disabilities.

After extensive pleadings and two hearings in January 2008, the Agency issued its decision requiring Air Canada, Air Canada Jazz and WestJet to adopt a one person–one fare policy for persons with severe disabilities on domestic flights. The Agency held a hearing in October and November 2007 to hear and test evidence regarding the possible undue obstacles faced by persons requiring medical oxygen to travel by air. A decision regarding this matter was issued in June 2008.

The Agency received 62 new complaints in 2007–2008 involving persons with disabilities, compared with 43 in 2006–2007, and continued working on the 67 outstanding cases from the previous year. Ten were closed through the issuance of an Agency ruling, eight were settled through mediation, 28 were resolved as a result of facilitation by Agency staff, 10 were closed internally (for reasons such as not being able to contact complainants, matters not being within the Agency's jurisdiction or issues having already been addressed in other decisions), and 11 were withdrawn.

Approximately 42 percent of the issues constituted undue obstacles involved services, such as assistance in boarding or proper seating assignments or assistance within the airport; 29 percent involved fares and charges for persons with disabilities who require extra seating. The remaining 29 percent involved the communication of information, including calling out bus stops. To address these undue obstacles, the Agency ordered 18 corrective measures.

The systemic approach

The Agency has developed regulations, codes of practice and guidelines to make public transportation by air, rail and ferry more accessible to persons with disabilities. It developed these standards in consultation with associations of and for persons with disabilities, seniors, manufacturers, carriers, terminal operators and other service providers. They are available on the Agency's Web site at http://www.cta.gc.ca/access/index_e.html.

The Agency uses various methods to assess the level of industry compliance with the Agency's codes of practice, including site visits, discussions with service providers, Web site reviews, reviews of contracts, periodic surveys and written reports from carriers and terminal operators, on their measures to meet code requirements. Many of these methods give transportation service providers a chance to exchange information and obtain guidance that will help them implement accessibility improvements more quickly.

The Passenger Terminal Accessibility Code of Practice, as well as the accompanying guide that includes practical information and resources to help transportation service providers implement the new code, was released at the 11th International Conference on Mobility and Transport for Elderly and Disabled Persons (TRANSED) in Montréal in June 2007. This world conference on accessible transportation brought together experts in the field to discuss progress to date and the road ahead in accessible transportation. The Agency supported Transport Canada in hosting the conference with a goal of making major contributions to the organizational activities and the program. Additionally, the Agency assisted staff at the Pierre Elliot Trudeau International Airport to facilitate

arrangements for the arrival and departure of hundreds of persons with disabilities who attended the conference.

In 2007–2008, Agency staff continued to monitor the Communication Code introduced in 2004, a code of practice for removing communication barriers for travellers with disabilities. Staff met with transportation service providers to discuss its implementation and to clarify related issues. The Agency also continued to help service providers draft their multiple format policies, as required by the code, to provide information to passengers with disabilities in formats that complement or replace conventional print or video products.

Given the number of Agency codes of practice and the increased number of entities involved, the Agency initiated the development of a comprehensive and integrated monitoring and compliance methodology in 2007–2008 to improve efficiency and enhance compliance levels. This work will continue in 2008–2009.

The Agency also issued information bulletins to those subject to the Communication and Terminal Accessibility Codes, including an update of the Canadian Standards Association's Accessible Design for Self-Service Interactive Devices standard among other matters.

As part of its outreach program, the Agency also undertakes liaison and monitoring activities that directly support its mandate to remove undue obstacles.

In 2007–2008, the Agency examined 49 training programs as part of its enforcement plan to ensure that affected carriers and terminal operators in the air, rail and ferry modes comply with the Agency's *Personnel Training for the Assistance of Persons with Disabilities Regulations*.

This monitoring and the resulting changes ensure that the training provided to transportation service personnel is comprehensive and appropriate, thereby helping to prevent obstacles from arising in the first place. In determining which carriers and facilities to visit, Agency staff gives consideration to issues raised by the community of persons with disabilities and new entrants to the industry as well as other factors.

The Agency also monitors service providers' tariffs, public information (including that contained on Web sites), and procedural and flight manuals to ensure that they are consistent with the Agency's regulations regarding the carriage of persons with disabilities.

Education is an essential element of the Agency's outreach program, which is especially important when new providers enter the federal transportation network, and when service providers change the way they do business and respond to market forces. In response to requests, Agency employees help service providers prepare their policies, set their terms and conditions of carriage, design their training programs, and address specific problems their passengers face regarding accommodation.

All Canadian travellers benefit from these measures and, since the incidence of disability increases with age, the demand for accessible transportation will be even greater as Canada's population ages.

More information about the Agency's accessible transportation program can be found in the Annual Report for 2007–2008 (refer to the Accessible transportation section) available on the Agency's Web site at http://www.cta.gc.ca/publications/ann-rpt/2007-2008/index_e.html and in the Accessible Transportation section of the Web site.

SECTION III: SUPPLEMENTARY INFORMATION

3.1 Agency's Link to Government of Canada Outcome Areas

Strategic Outcome: A fair and transparent economic regulatory regime that helps achieve a viable and accessible national transportation system.

Program Activity: Economic regulation of the federal transportation system.

Actual Spending 2007–2008			Alignment to Government of Canada Outcome Area
Budgetary	**Non-budgetary**	**Total**	
25,491	**0**	**25,491**	The Agency's single program activity contributes to the Government of Canada's Outcome of "a fair and secure marketplace".

3.2 Financial Performance Overview

The Canadian Transportation Agency is an administrative tribunal and incurs costs in proportion to the resource intensity of the inputs necessary to carry out its mandate. Approximately 82 percent of its operating expenditures are allocated to personnel expenditures.

Table 1 Comparison of Planned to Actual Spending (including FTEs)

(S thousands)	2005–2006 Actual	2006–2007 Actual	2007–2008 Main Estimates	2007–2008 Planned Spending	2007–2008 Total Authorities	2007–2008 Actual
Economic regulation of the federal transportation system *	27,633	26,551	26,055	27,214	27,892	25,491
Less: Non-respendable revenue	(129)	(92)	N/A	(59)	N/A	(42)
Plus: Cost of services received without charge	3,710	3,421	N/A	3,256	N/A	3,234
Total Agency Spending	**31,214**	**29,880**	**26,055**	**30,411**	**27,892**	**28,683**
Full-time Equivalents	**269**	**250**	**N/A**	**255**	**N/A**	**234**

* Includes contributions to employee benefit plans.

Explanation of variances

The planned spending for the Agency in 2007–2008 was $27.2 million, however, the Agency concluded the year with a revised authority to spend of $27.8 million. The increase was due to increase in appropriations for collective bargaining ($0.2 million) and the reimbursement of eligible paylist expenditures ($0.8 million) offset by a decrease in employee benefit plans ($0.4 million).

Overall, the Agency's total authorities in 2007–2008 were $27.8 million; however, the Agency concluded the year with actual spending of $25.4 million. The decrease of $2.4 million is due to:

- $1.1 million in operating carry forward to 2008–2009; and
- $1.3 million operating funding that could not be spent in 2007–2008.

Underutilization of FTEs can be explained by the following:

- turnover;
- difficulty in finding qualified replacements because of low labour market availability for jobs being staffed; and
- delays in the staffing and classification process.

Table 2 Voted and Statutory Items

($ thousands)					
		2007–2008			
Vote	**Truncated Vote or Statutory Wording**	**Main Estimates**	**Planned Spending**	**Total Authorities**	**Actual**
	Canadian Transportation Agency				
25	Operating expenditures	22,611	23,770	24,807	22,423
(S)	Spending of proceeds from the disposal of surplus Crown assets	0	0	17	0
(S)	Contributions to employee benefit plans	3,444	3,444	3,069	3,069
	Total	**26,055**	**27,214**	**27,892**	**25,491**

For supplementary information on the Agency's following tables, please visit: http://www.tbs-sct.gc.ca/dpr-rmr/2007-2008/index-eng.asp.

Sources of Non-respendable Revenue
User Fees/External Fees
Response to Parliamentary Committees and External Audits
Internal Audits and Evaluations
Travel Policies

Table 3 Financial Statements

Financial Statements are prepared in accordance with accrual accounting principles. The unaudited supplementary information presented in the financial tables in the DPR is prepared on a modified cash basis of accounting in order to be consistent with appropriations-based reporting. Note 3 of the financial statements reconciles these two accounting methods.

CANADIAN TRANSPORTATION AGENCY
Statement of Management Responsibility

Responsibility for the integrity and objectivity of the accompanying financial statements for the year ended March 31, 2008 and all information contained in these statements rests with Agency management. These financial statements have been prepared by management in accordance with Treasury Board Accounting policies which are consistent with Canadian generally accepted accounting principles for the public sector.

Management is responsible for the integrity and objectivity of the information in these financial statements. Some of the information in the financial statements is based on management's best estimates and judgment and gives due consideration to materiality. To fulfil its accounting and reporting responsibilities, management maintains a set of accounts that provides a centralized record of the Agency's financial transactions. Financial information submitted to the *Public Accounts of Canada* and included in the Agency's *Departmental Performance Report* is consistent with these financial statements.

Management maintains a system of financial management and internal control designed to provide reasonable assurance that financial information is reliable, that assets are safeguarded and that transactions are in accordance with the *Financial Administration Act*, are executed in accordance with prescribed regulations, within Parliamentary authorities, and are properly recorded to maintain accountability of Government funds. Management also seeks to ensure the objectivity and integrity of data in its financial statements by careful selection, training and development of qualified staff, by organizational arrangements that provide appropriate divisions of responsibility, and by communication programs aimed at ensuring that regulations, policies, standards and managerial authorities are understood throughout the Agency.

The Agency has established an internal audit infrastructure consistent with Treasury Board policy, managed by a dedicated resource reporting directly to the Deputy Head.

The Agency's Audit Advisory Committee is chaired by the Deputy Head, with two other members, who are independent of operational functions. The Audit Advisory Committee approves the annual risk-based internal audit plan, budgets and reports.

The financial statements of the Agency have not been audited.

Geoffrey Hare,
Chairman and Chief Executive Officer
Gatineau, Canada
July 31st, 2008

Arun Thangaraj,
Senior Financial Officer

Canadian Transportation Agency
Statement of Operations (unaudited)
for the year ended March 31st

	2008	2007
	(in dollars)	
Operating Expenses		
Salaries and employee benefits	21,635,596	23,588,036
Accommodation	1,885,061	1,869,734
Professional and special services	1,880,782	1,482,610
Transportation and telecommunication	795,906	964,909
Amortization of tangible capital assets	718,643	663,932
Repair and maintenance	303,575	337,109
Information	245,512	160,818
Rentals	206,391	272,285
Utilities	185,422	219,453
Materials & supplies	87,875	97,434
Loss on write-off of tangible capital assets	1,666	23,152
Loss on disposal of tangible capital assets	9,978	10,135
Other	5,328	831
Total Expenses	27,961,735	29,690,438
Revenues		
Sales of goods and services	30,068	4,094
Revenues from fines	1,000	40,095
Gains on disposal of tangible capital assets	115	57
Total Revenues	31,183	44,246
Net Cost of Operations	27,930,552	29,646,192

The accompanying notes form an integral part of these financial statements.

Canadian Transportation Agency
Statement of Financial Position (unaudited)
at March 31st

	2008	2007
	(in dollars)	
ASSETS		
Financial Assets		
Accounts receivable from external parties	14,080	6,402
Receivables from other Federal Government departments and agencies	431,394	476,715
Employee advances	12,850	12,850
Total financial assets	458,324	495,967
Non-Financial Assets		
Prepaid expenses	205,194	177,746
Inventory	80,795	100,544
Tangible capital assets (Note 4)	2,497,243	2,624,596
Total non-financial assets	2,783,232	2,902,886
TOTAL	**3,241,556**	**3,398,853**
LIABILITIES		
Accounts payable & accrued liabilities to external parties	1,735,374	1,441,416
Accounts payable to other Federal Government departments and agencies	137,079	119,842
Vacation pay and compensatory leave	840,432	909,520
Employee severance benefits (Note 5)	3,363,756	4,153,663
	6,076,641	6,624,441
Equity of Canada	(2,835,085)	(3,225,588)
TOTAL	**3,241,556**	**3,398,853**

The accompanying notes form an integral part of these financial statements.

Canadian Transportation Agency
Statement of Equity of Canada (unaudited)
at March 31st

	2008	2007
	(in dollars)	
Equity of Canada, beginning of the year	(3,225,588)	(3,766,976)
Net cost of operations	(27,930,552)	(29,646,192)
Current year appropriations used (Note 3a))	25,491,189	26,550,696
Revenue not available for spending	(31,183)	(44,151)
Refund of previous year expenditures	(10,637)	(48,096)
Change in net position in the Consolidated Revenue Fund (Note 3c))	(361,967)	308,237
Services provided without charge by other Federal Government departments and agencies (Note 6)	3,233,653	3,420,894
Equity of Canada, end of year	(2,835,085)	(3,225,588)

The accompanying notes form an integral part of these financial statements.

Canadian Transportation Agency
Statement of Cash Flow (unaudited)
for the year ended March 31st

	2008	2007
	(in dollars)	
Operating Activities		
Net cost of operations	27,930,552	29646,192
Non-cash items:		
Amortization of tangible capital assets	(718,643)	(663,932)
Loss on disposal and write-down of tangible capital assets	(11,644)	(33,287)
Services provided without charge by other Federal Government departments and agencies	(3,233,653)	(3,420,894)
Variations in Statement of Financial Position:		
Increase (decrease) in accounts receivable	(37,643)	345,912
Increase (decrease) in employee advances	-	(3,210)
Increase (decrease) in prepaid expenses	27,448	(22,689)
(Decrease) Increase in inventory	(19,749)	8,252
Decrease in vacation pay and compensatory leave	69,088	162,786
Decrease (Increase) in employee severance benefits	789,906	(25,241)
(Increase) in accounts payable and accrued liabilities	(311,195)	(34,465)
Cash used by operating activities	24,484,467	25,959,424

Capital investment activities		
Net acquisitions of tangible capital assets	619,672	807,262
Proceeds from disposal of tangible capital assets	(16,737)	-
Cash used by capital investment activities	602,935	807,262
Financing activities		
Net Cash provided by Government of Canada	25,087,402	26,766,686

The accompanying notes form an integral part of these financial statements.

Canadian Transportation Agency
Notes to the Financial Statements (unaudited)
Year ended March 31, 2008

1. Authority and Objectives

The Canadian Transportation Agency (the Agency) was established on July 1, 1996, under the *Canada Transportation Act*, (S.C. 1996, c. 10) (the Act), as the continuation of the National Transportation Agency. As an independent, quasi-judicial, administrative tribunal, the Agency has a multi-faceted role. It is an economic regulator, licensing authority, accessibility facilitator and aeronautical authority. It has the power to issue decisions and order on matters within its jurisdiction. Under the Act and related legislation, it has various powers to help implement the federal government's transportation policy. The Chair and Chief Executive Officer is appointed by the Governor-in-Council.

The objective of the Agency is to contribute to the attainment of an efficient and accessible Canadian transportation system that serves the needs of shippers, carriers, travellers and other users.

The Agency's mission is to administer transportation legislation and government policies to help achieve an efficient and accessible transportation system by education, consultation and essential regulation.

2. Summary of Significant Accounting Policies

The financial statements have been prepared in accordance with Treasury Board accounting policies which are consistent with Canadian generally accepted accounting principles for the public sector.

Significant accounting policies are as follows:

(a) Parliamentary appropriations – the Agency is financed by the Government of Canada through Parliamentary appropriations. Appropriations provided to the Agency do not parallel financial reporting according to Canadian generally accepted accounting principles since appropriations are primarily based on cash flow requirements. Consequently, items recognized in the statement of operations and the statement of financial position are not necessarily the same as those provided through appropriations from Parliament. Note 3 provides a high-level reconciliation between the bases of reporting.

(b) Net Cash Provided by Government - The Agency operates within the Consolidated Revenue Fund (CRF), which is administered by the Receiver General for Canada. All cash received by the Agency is deposited to the CRF and all cash disbursements made by the Agency are paid from the CRF. The net cash provided by Government is the difference between all cash receipts and all cash disbursements including transactions between departments.

(c) Change in net position in the Consolidated Revenue Fund is the difference between the net cash provided by government and appropriations used in a year, excluding the amount of non respendable revenue recorded by the Agency. It results from timing differences between when a transaction affects appropriations and when it is processed through the CRF.

(d) Revenues:
- Revenues from regulatory fees are recognized in the accounts based on the services provided in the year.
- Other revenues are accounted for in the period in which the underlying transaction or event occurred that gave rise to the revenues.

(e) Expenses – Expenses are recorded on the accrual basis:
- Vacation pay and compensatory leave are expensed as the benefits accrue to employees under their respective terms of employment.
- Services provided without charge by other government departments for accommodation, the employer's contribution to the health and dental insurance plans and legal services are recorded as operating expenses at their estimated cost.

(f) Employee future benefits

(i) Pension benefits: Eligible employees participate in the Public Service Pension Plan, a multi-employer plan administered by the Government of Canada. The Agency's contributions to the Plan are charged to expenses in the year incurred and represent the total Agency obligation to the Plan. Current legislation does not require the department to make contributions for any actuarial deficiencies of the Plan.

(ii) Severance benefits: Employees are entitled to severance benefits under labour contracts or conditions of employment. These benefits are accrued as employees render the services necessary to earn them. The obligation relating to the benefits earned by employees is calculated using information derived from the results of the actuarially determined liability for employee severance benefits for the Government as a whole.

(g) Receivables – these are stated at amounts expected to be ultimately realized. A provision is made for receivables where recovery is considered uncertain.

(h) Contingent liabilities - Contingent liabilities are potential liabilities which may become actual liabilities when one or more future events occur or fail to occur. To the extent that the future event is likely to occur or fail to occur, and a reasonable estimate of the loss can be made, an estimated liability is accrued and an expense recorded. If the likelihood is not determinable or an amount cannot be reasonably estimated, the contingency is disclosed in the notes to the financial statements.

(i) Inventories not for re-sale – These comprise of brochures that are held for future program delivery and are not intended for re-sale. They are valued at cost. If they no longer have service potential, they are written-off as there are no realizable value for these items.

(j) Tangible capital assets – All tangible capital assets and leasehold improvements are recorded at their acquisition cost (refer to the following table for the initial cost threshold). The capitalization of software and leasehold improvements has been done on a prospective basis from April 1, 2001. Amortization of capital assets is done on a straight-line basis over the estimated useful life of the capital asset as identified in the table.

Agency Asset Categories	**Agency Useful Life**		**Threshold (initial cost equal/or more than)**	
	Non-LAN	LAN	Non-LAN	LAN
Informatics Hardware	3–5 years	3-10 years	$1	$1
Software	3 years	Based on business case	$500	$1
Furniture	15 years	10 years	$1,000	$1
Accommodation improvements	Assessed on a case by case basis	Assessed on a case by case basis	$10,000	$1
Car	7 years	N/A	$10,000	N/A
Assets under construction	Not amortized until in service. Once in service, in accordance with asset category			

(k) Measurement uncertainty - The preparation of these financial statements in accordance with Treasury Board accounting policies which are consistent with Canadian generally accepted accounting principles for the public sector requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses reported in the financial statements. At the time of preparation of these statements, management believes the estimates and assumptions to be reasonable. The most significant items where estimates are used are contingent liabilities, the liability for employee severance benefits and the useful life of tangible capital assets. Actual results could significantly differ from those estimated. Management's estimates are reviewed periodically and, as adjustments become necessary, they are recorded in the financial statements in the year they become known.

3. Parliamentary Appropriations

The Agency receives most of its funding through annual Parliamentary appropriations. Items recognized in the statement of operations and the statement of financial position in one year may be funded through Parliamentary appropriations in prior, current or future years. Accordingly, the Agency has different net results of operations for the year on a government funding basis than on an accrual accounting basis. The differences are reconciled in the following tables:

(a) Reconciliation of net cost of operations to current year appropriations used

		2008	2007
		(in dollars)	
Net cost of operations		27,930,552	29,646,192
Adjustments for items affecting net cost of operations but not affecting appropriations:			
Add (Less) :			
	Services provided without charge by other Federal Government departments and agencies	(3,233,653)	(3,420,894)
	Amortization of tangible capital assets	(718,643)	(663,932)
	Revenue not available for spending	31,183	44,151
	Refunds of previous years expenditures	10,637	48,096
	(Loss) on disposals and write-offs of tangible capital assets	(11,644)	(33,287)
	Decrease vacation pay and compensatory leave	69,088	162,786
	Decrease (Increase) employee severance benefits	789,906	(25,241)
	Bad debts	(3,608)	-
		(3,066,734)	(3,888,321)
Adjustments for items not affecting net cost of operations but affecting appropriations			
Add (Less) :	Acquisitions of tangible capital assets (Note 4)	619,672	807,262
	Increase (decrease) prepaid expenses	27,448	(22,690)
	Increase (decrease) in inventory	(19,749)	8,253
Current year appropriations used		25,491,189	26,550,696

(b) Appropriations provided and used

	2008	2007
	(in dollars)	
Operating expenditures (Vote 25)	24,806,657	24,572,550
Statutory amounts	3,085,532	3,261,996
Less:		
Appropriations available for future years	(16,851)	-
Lapsed appropriations - Operating	(2,384,149)	(1,283,850)
Current year appropriations used	25,491,189	26,550,696

(c) Reconciliation of net cash provided by Government to current year appropriations used

	2008	2007
	(in dollars)	
Net cash provided by Government	25,087,402	26,766,686
Revenues not available for spending	31,183	44,151
Refund of previous years expenditures	10,637	48,096
Change in net position in the Consolidated Revenue Fund		
Variation in accounts receivable and advances	37,643	(345,912)
Variation in employee advances	-	3,210
Variation in accounts payable and accrued liabilities	311,195	34,465
Proceeds from disposal of tangible capital assets	16,737	-
Bad debts	(3,608)	-
	361,967	(308,237)
Current year appropriations used	25,491,189	26,550,696

4. Tangible Capital Assets
(in dollars)

	Capital asset class					
	Informatics Hardware	Software	Furniture	Car	Assets under construction	Total
Cost						
Opening Balance	2,894,112	2,441,662	1,218,126	22,157	67,414	6,643,471
Acquisitions	127,678	397,712	7,749	30,737	356,376	920,252
Disposals and write-offs	521,770	-	11,008	22,157	300,580	855,515
Closing balance	2,500,020	2,839,374	1,214,867	30,737	123,210	6,708,208
Accumulated amortization						
Opening balance	2,257,610	1,121,586	634,129	5,552		4,018,877
Amortization	294,838	325,015	96,059	2,731		718,643
Disposals and write-offs	515,189	-	3,814	7,552		526,555
Closing balance	2,037,259	1,446,601	726,374	731		4,210,965
2008						
Net book value	462,761	1,392,773	488,493	30,006	123,210	2,497,243
2007						
Net book value	636,503	1,320,077	583,997	16,605	67,414	2,624,596

Amortization expense for the year ended March 31, 2008 is $ 718,643 (2007 was $ 663,932). During the year, $300,580 of assets under construction was transferred to software. The net acquisition of tangible capital assets is therefore, $619,672.

5. Employee Benefits

(a) Pension benefits: The Agency's employees participate in the Public Service Pension Plan, which is sponsored and administered by the Government of Canada. Pension benefits accrue up to a maximum period of 35 years at a rate of 2 percent per year of pensionable service, times the average of the best five consecutive years of earnings. The benefits are integrated with Canada/Québec Pension Plans benefits and they are indexed to inflation.

Both the employees and the department contribute to the cost of the Plan. The 2007–2008 expense amounts to $3,068,681 ($3,197,314 in 2006–2007), which represents approximately 2.1 times (2.2 in 2006–2007) the contributions by employees.

The Agency's responsibility with regard to the Plan is limited to its contributions. Actuarial surpluses or deficiencies are recognized in the financial statements of the Government of Canada, as the Plan's sponsor.

(b) Severance benefits: The Agency provides severance benefits to its employees based on eligibility, years of service and final salary. These severance benefits are not pre-funded. Benefits will be paid from future appropriations. Information about the severance benefits, measured as at March 31, is as follows:

	2008	2007
	(in dollars)	
Accrued benefit obligation, beginning of year	4,153,663	4,128,421
Expense for the year	(222,758)	639,463
Benefits paid during the year	(567,149)	(614,221)
Accrued benefit obligation, end of year	3,363,756	4,153,663

6. Related party transactions

The Agency is related as a result of common ownership to all Government of Canada departments, agencies and Crown corporations. The Agency enters into transactions with these entities in the normal course of business and on normal trade terms. Also, during the year, the Agency received services which were obtained without charge from other Government departments as presented hereafter.

Services provided without charge by other government departments:

During the year the Agency received without charge from other departments, accommodation, the employer's contribution to the health and dental insurance plans, workman's compensation coverage, and legal services. These services without charge have been recognized in the Agency's Statement of Operations as follows:

	2008	2007
	(in dollars)	
Accommodation	1,885,061	1,869,734
Employer's contribution to the health and dental insurance plans	1,282,691	1,536,936
Workman's compensation coverage	8,478	14,224
Legal services	57,423	-
Total	3,233,653	3,420,894

The Government has structured some of its administrative activities for efficiency and cost-effectiveness purposes so that one department performs these on behalf of all without charge. The costs of these services, which include payroll and cheque issuance services provided by Public Works and Government Services Canada and audit services provided by the Office of the Auditor General, are not included as an expense in the Agency's Statement of Operations.

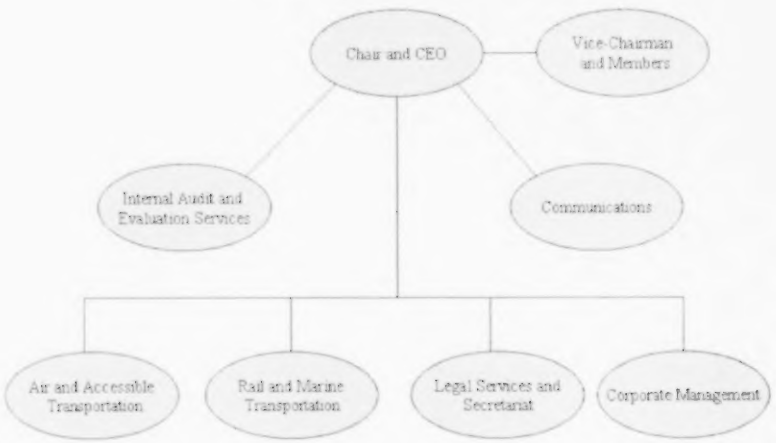
SECTION IV: OTHER ITEMS OF INTEREST

4.1 Organizational Information

The Agency exercises its powers through its five Members, appointed by the Governor in Council: a Chair, a Vice-Chair and three full-time Members. The Minister can also appoint up to three temporary Members.

The Chair is accountable for the Agency's single program. All appointed Agency Members are accountable for making quasi-judicial decisions on individual matters before the Agency. Agency employees advise and support Members in these proceedings.

CTA Organization Chart



The Agency's organizational structure comprises four branches: the Rail and Marine Transportation Branch, the Air and Accessible Transportation Branch, the Legal Services and Secretariat Branch, and the Corporate Management Branch. The head of each branch as well as the Directors of Communications and Internal Audit and Evaluation report to the Chair.

The two program branches, the Rail and Marine Transportation Branch and the Air and Accessible Transportation Branch, relate to the Agency's regulatory functions. The Legal Services and Secretariat Branch performs regulatory support activities and the Corporate Management Branch provides administrative support.

The Agency's headquarters are located in the National Capital Region. Agency personnel working in field offices in six cities across Canada carry out air and accessibility enforcement activities. More information about the role and the structure of the Agency can be found on its Web site at http://www.cta.gc.ca/about-nous/index_e.html.

4.2 Regulatory Support Services

The Legal Services Directorate participates actively in all matters brought before the Agency, by providing legal advice and counsel and by ensuring that the rules of fairness are followed in the process leading to a decision or an order. The Legal Services Directorate also plays a major role in developing and applying the Agency's procedures and regulations. It also represents the Agency before the Courts, including the Federal Court of Appeal and the Supreme Court of Canada, when Agency decisions are submitted to the appeal process.

The Secretariat Directorate issues all decisions and orders of the Agency and publishes them on the Web site in both official languages. It is also responsible for maintaining a record of any rule, order, decision and regulation of the Agency as required by the *Canada Transportation Act*. The Secretariat is also the point of contact for obtaining copies of precedent Agency decisions and orders.

4.3 Corporate Services

Corporate Services refers to the corporate functions that support the delivery of the Agency's plans and priorities. At the Agency, approximately 26 percent of total employees work in corporate services. They support the other program activities.

The Corporate Services program activity is delivered through four program sub-activities:

- Finance, Planning and Administration;
- Human Resources;
- Communications; and
- Information Management/Information Technology

Financial Resources ($ thousands)	Planned Spending	Total Authorities	Actual
Finance, Planning and Administration Services	2,273	2,580	2,261
Human Resources	1,061	1,610	1,289
Communications	867	1,139	1,071
IM/IT	2,644	2,756	2,626
Total	**6,845**	**8,085**	**7,247**

Human Resources (number of FTEs)	Planned	Actual	Difference
Finance, Planning and Administration Services	21	18	(3)
Human Resources	11	13	2
Communications	8	7	(1)
IM/IT	25	24	(1)
Total	**65**	**62**	**(3)**

Finance, Planning and Administration Services develops, maintains and implements integrated systems, policies, procedures, services, strategic planning and internal audit for the effective acquisition and stewardship of financial and material resources.

Human Resources provides effective and timely human resources services and advice to managers, employees and unions and, working with those stakeholders, leads the transition to Human Resource Modernization.

Communications provides advice and support as an integral part of the Agency's planning and overall operations and is responsible for providing internal and external strategies, activities and products in order to effectively meet the information needs of Canadians. It does so by providing a wide range of stakeholders with timely, accurate, clear and complete information about the Agency policies, programs, services and initiatives according to requirements of the Government of Canada Communications Policy.

Information Management and Technology Services provides functional direction on, and operational services related to, the management and use of information and technology at the Agency.

4.4 Annual Reports

Annual Reports for 1997 to 2007 are available on the Agency's Web site at http://www.cta.gc.ca/publications/ann-rpt/index_e.html.

4.5 Contacts for Further Information

Postal address: Canadian Transportation Agency
Ottawa, Ontario, Canada K1A 0N9

Web site:
http://www.cta.gc.ca

Area of Responsibility	Contact Name	Title	Telephone Number and E-mail Address
Legal and Alternative Dispute Resolution (ADR) Services	Claude Jacques	General Counsel and ADR Service Executive	819-997-9323 claude.jacques@cta-otc.gc.ca
Dispute Resolution (Air, Rail, Marine, and Accessible transportation)	Joan MacDonald	Director General	819-953-5074 joan.macdonald@cta-otc.gc.ca
Industry Regulation and Determinations (Air, Rail and Marine transportation)	Ghislain Blanchard	Director General	819-953-4657 ghislain.blanchard@cta-otc.gc.ca
Corporate Management	Arun Thangaraj	Director General	819-997-6764 arun.thangaraj@cta-otc.gc.ca
Finance, Administration and Planning	Michel LeBlanc	Director	819-953-2829 michel.leblanc@cta-otc.gc.ca
Communications	Jacqueline Bannister	Director	819-953-7666 jacqueline.bannister@cta-otc.gc.ca

4.6 Legislation and Regulations Administered

A. The Agency is responsible for the following Act:

Canada Transportation Act	*S.C. 1996, c. 10, as amended*

B. The Agency shares responsibility for the following Acts:

Access to Information Act	*R.S. 1985, c. A-1*
Canada Marine Act	*S.C. 1998, c. 10*
Canadian Environmental Assessment Act	*S.C. 1992, c. 37*
Civil Air Navigation Services Commercialization Act	*S.C. 1996, c. 20*
Coasting Trade Act	*S.C. 1992, c. 31*
Energy Supplies Emergency Act	*R.S. 1985, c. E-9*
Financial Administration Act	*R.S. 1985, c. F-11*
Official Languages Act	*R.S. 1985, c. 31 (4th Supp.)*
Pilotage Act	*R.S. 1985, c. P-14*
Privacy Act	*R.S. 1985, c. P-21*
Public Service Modernization Act	*S.C. 2003, c. 22*
Railway Relocation and Crossing Act	*R.S. 1985, c. R-4*
Railway Safety Act	*R.S. 1985, c. 32 (4th Supp.)*
Shipping Conferences Exemption Act, 1987	*R.S. 1985, c. 17 (3rd Supp.)*

C. The Agency has sole responsibility for the following regulations and other statutory instruments:

Air Transportation Regulations
Canadian Transportation Agency Designated Provisions Regulations
Canadian Transportation Agency General Rules
Personnel Training for the Assistance of Persons with Disabilities Regulations
Railway Costing Regulations
Railway Interswitching Regulations
Railway Third Party Liability Insurance Coverage Regulations
Railway Traffic and Passenger Tariffs Regulations
Railway Traffic Liability Regulations
Uniform Classification of Accounts and Related Railway Records

D. The Agency shares responsibility for the following regulations:

Carriers and Transportation and Grain Handling Undertakings Information Regulations
Railway Company Pay Out of Excess Revenue for the movement of Grain Regulations
The Jacques-Cartier and Champlain Bridges Inc. Regulations
The Seaway International Bridge Corporation, Ltd. Regulations

These Acts and Regulations are available in the "Legislation" section of the Agency's Web site at http://www.cta.gc.ca/legislation/index_e.html.